Hollywood Property Owners Alliance
1680 Vine Street, Suite 414
Hollywood, CA 90028
phone 323 463 6767 *fax* 323 463 4229

May 6, 2014

Miranda Paster, Division Manager
Special Assessments Section
Office of the City Clerk
200 North Spring Street Room 224
Los Angeles, CA 90012

Subject: State of CA parcels remain unpaid within Hollywood Entertainment District

Dear Miranda,

I wanted to bring to your attention a situation that is not going to resolve itself without city intervention. We have a property located on Hollywood Boulevard that is currently owned by the State Judicial Council. Here are the details:

APNS:	5546-003-900 and 5545-003-901
Address:	5925 Hollywood Boulevard
Total annual assessment:	$10,714.47

The assessment on that parcel has not been paid since the 2009/10 assessment year. To date, the property is in arrears to the tune of $42,857.88.

In 2011, your office received a letter from the Judicial Council of California (May 16, 2011) which in essence asserted:

- Under Prop 218, the assessment levied on the courthouse property exceeds the proportional special benefit conferred upon the parcel.
- Consideration should be given to adjusting the assessment, similar to what has been done with LAUSD parcels and non-profit affordable housing properties, to reflect the application of safety and cleaning services.
- The courthouse parcel does not benefit from "commerce-related" activities (e.g., marketing, branding, visitor guides, web site, etc.)

We also received a carbon copy of that letter (which is attached) and awaited your counsel on what to do next.

More recently, on April 12, 2014, we received an email from Eunice Calvert-Banks, who is in the Office of Real Estate and Facilities Management for the Judicial Council of California. In this email, she suggests that the courthouse parcel should be exempt; but if not exempt, then further discounted, even beyond the level suggested in the 2011 letter. (That email is attached.)

I sent her an email back, suggesting that this was not in the purview of the board managing the BID to make this decision. I advised her that the assessments are levied at the time of BID formation, and codified in a city ordinance that establishes the BID. Further, the assessment methodology follows state statute and state constitutional requirements for special assessment districts.

I also pointed out that the Hollywood Entertainment District BID was originally formed in 1996 – and in its first iteration, it pre-dated Prop 218, the constitutional amendment which the voters passed in 1998 which addressed, among other things, assessment district law. Prior to Prop 218, government parcels were exempt from special assessments.

However, as a result of Prop 218, all parcels are assessed – including government, faith, non profit and the like. Within the Hollywood BID, we have parcels owned by the MTA, the city of LA, the state of CA, the federal government and the school district.

So, the assessment remains on the books and appears as a receivable on our financial statement.

I further pointed out that we do continue to service that entire part of Hollywood Boulevard, which is a Zone 2 assessment. We provide security, maintenance and have a very active homeless outreach presence in that zone.

With respect to marketing and communications, we are organizing a meeting of all the property owners in that section of the Boulevard which we call the "Hollywood Gateway East." We have invited the owners of property from the 101 freeway to Gower to meet together on Thursday May 22 from 9 a.m. to 1 p.m. We are asking each property owner to share information about their property – its history, its current use, and vision for the future. We are also going to work with the owners to design a collective vision for that important stretch of the Boulevard. I would hope that we could have a representative from the state attend this meeting, and that we could include that person in our regular communications about that micro-neighborhood. (Flyer attached.)

Miranda, I know you appreciate the slippery slope the city falls down if this assessment is not upheld. Just because a property is vacant doesn't preclude it from benefitting from ongoing services still provided in the district. And, if we applied this logic to all vacant parcels (of which we have several in the BID, especially in the "gateway" area where the courthouse is located) there would be little incentive for property owners to return their parcel to productive use. That is why this is called a business *improvement* district. This courthouse could be put into active use again, in which case clients and workers will benefit from the economic vitality of the neighborhood. Certainly this area is abundantly safer as a result of the BID's clean and safe programs.

Please advise as to next steps. My board is awaiting word from the city as to how we will be able to recover these delinquent assessments.

With appreciation,

Kerry Morrison
Executive Director

Cc: HPOA Board of Directors
Councilmember Mitch O'Farrell
State Senator Kevin DeLeon

Attachments:

- May 16, 2011 letter from State Judicial Council
- April 12, 2014 email from State Judicial Council real estate representative
- May 22 flyer announcing property owner meeting for "Hollywood Gateway East"

Judicial Council of California

ADMINISTRATIVE OFFICE OF THE COURTS

OFFICE OF COURT CONSTRUCTION AND MANAGEMENT

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TANI CANTIL-SAKAUYE
Chief Justice of California
Chair of the Judicial Council

WILLIAM C. VICKREY
Administrative Director of the Courts

RONALD G. OVERHOLT
Chief Deputy Director

LEE WILLOUGHBY
Director, Office of Court Construction and Management

Via Certified Mail Return Receipt Requested

May 16, 2011

Rick Scott
Hollywood Entertainment District
Office of the City Clerk
Special Assessments Section – BID Programs
City of Los Angeles
200 North Spring Street, Room 224
Los Angeles, CA 90012

Subject: Hollywood Courthouse located at 5925 Hollywood Boulevard, Los Angeles (APNs 5545-003-900 and 5545-003-901) ("Hollywood Courthouse") in Hollywood Entertainment District Business Improvement District ("Hollywood BID"); and San Pedro Courthouse located at 505 South Centre Street, San Pedro, CA (APN 7455-013-901) ("San Pedro Courthouse") in the Historic Waterfront (San Pedro) Business Improvement District ("San Pedro BID")

Dear Mr. Scott:

The Administrative Office of the Courts ("AOC") is the staff agency to the Judicial Council of California ("Judicial Council"), which is the policymaking body for the California courts. Pursuant to the Trial Court Facilities Act of 2002 (Government Code section 70301 *et seq.*), local court facilities in California have been transferred from the 58 counties in California to the Judicial Council. As part of the transfer process, on August 10, 2009, the State of California, on behalf of the Judicial Council, took title to the Hollywood Courthouse, and on December 31,

Angeles Unified School District will not be benefited by the services provided by the Hollywood BID with the exception of the safety and security services. (See page 15 of Hollywood Engineer's Report). Accordingly, these special case properties qualified for a reduced assessment because the only special benefit that they receive from the Hollywood BID are those services related to safety and security. (See page 15 of Hollywood Engineer's Report).

The Hollywood Courthouse parcel is similarly situated to the non-profit properties and the school parcels in that the Hollywood Courthouse parcel also does not receive any benefit from the commerce-related activity provided by the Hollywood BID. However, the parcel arguably does receive some benefit from safety and security services provided by the Hollywood BID. Therefore, the assessment applicable to the Hollywood Courthouse parcel must be reduced, just like it has been for the non-profit properties and the school parcels, since the only special benefit that the Hollywood Courthouse parcel receives from the Hollywood BID are those services related to safety and security.

San Pedro Courthouse Parcel

The Engineer's Report for the San Pedro BID ("San Pedro Engineer's Report") states that the San Pedro BID will provide security; maintenance; cleaning; beautification; marketing and promotion services for the following purposes: improving business within the San Pedro BID; improving commerce within the San Pedro BID; attracting commercial and retail tenants; and transforming the San Pedro BID into an extended-hour community. (See pages 5 to 7 of San Pedro Engineer's Report). The San Pedro Engineer's Report notes that the "residential properties will not specially benefit as directly as other parcels from marketing services, since such services will be primarily designed to attract commercial and retail tenants... [and] consequently...residential improvement...is given one half the weight in the special benefit calculation...." (See page 7 of San Pedro Engineer's Report). A similar conclusion can be applied to the San Pedro Courthouse parcel as the San Pedro Courthouse will not benefit from most of the purposes behind the San Pedro BID including those services which are designed to improve commerce within the San Pedro BID; attract commercial and retail tenants; and transform the San Pedro BID into an extended-hour community.

The Management District Plan for the San Pedro BID ("San Pedro Plan") states that the San Pedro BID will provide services in the following categories: (a) visitor and tourist ambassador service; (b) maintenance, sanitation and beautification; (c) marketing, promotions and waterfront special events; (d) new business attraction for downtown and waterfront; (e) homeless services coordination; and (f) policy development, management and administration. (See page 3 of San Pedro Plan). All of these categories, with the possible exception of maintenance, sanitation and

beautification, do not provide any benefit to the San Pedro Courthouse.[1] Further, a review of the budget for the San Pedro BID reveals that maintenance, sanitation and beautification accounts for only 28.3% of the budget. (See page 12 of San Pedro Plan).

The San Pedro Courthouse parcel is similarly situated to the residential parcels in that the San Pedro Courthouse parcel does not receive any special benefit from attracting commercial and retail tenants, nor does the parcel benefit from the commerce-related purposes of the San Pedro BID such as (a) visitor and tourist ambassador service; (b) marketing, promotions and waterfront special events; (c) new business attraction for downtown and waterfront; or (d) homeless services coordination. Therefore, the assessment applicable to the San Pedro Courthouse parcel must be reduced, just like it has been for the residential parcels.

Conclusion

Once the City of Los Angeles has recalculated the assessments for the Hollywood Courthouse parcel and the San Pedro Courthouse parcel, please submit the revised statements of assessments with the revised assessment amounts to our office and if the AOC agrees with the recalculated assessment amounts, the AOC will pay the revised assessment amounts. If you have any questions, please contact Kathy Kunitake at (415) 865-5334.

Sincerely,

Burt Hirschfeld
Assistant Division Director
Office of Court Construction and Management

BH/KK/fac
cc: Stephen Robinson, Executive Director, San Pedro Historic Waterfront Business Improvement District
Paul Makowski, Office of the City Clerk, Historic Waterfront
Kerry Morrison, Executive Director, Hollywood Entertainment District
Ken Levy, Attorney, AOC Office of General Counsel
Kathy Kunitake, Portfolio Administrative Analyst, Administrative Office of the Courts

[1] It is even arguable that the category of maintenance, sanitation and beautification benefits the San Pedro Courthouse parcel because based upon the description of these services, it is not clear that the services will take place on the street adjacent to the San Pedro Courthouse parcel. (See page 9 of San Pedro Plan). The San Pedro Plan states that these services will take place on streets surrounding the Maritime Museum and the Ports O'Call Village as well as in parking lots for special events and the downtown San Pedro commercial area. However, the plan does not define the boundaries of the downtown San Pedro commercial area, nor does it state that the San Pedro Courthouse parcel is located within the downtown San Pedro commercial area.

Kerry Morrison

From: Calvert-Banks, Eunice <Eunice.Calvert-Banks@jud.ca.gov>
Sent: Saturday, April 12, 2014 11:35 AM
To: Kerry Morrison
Cc: Kunitake, Kathleen
Subject: BID assessments on Hollywood Courthouse

Categories: Follow Up - Important

Hello:

I apologize for the delay in contacting you to discuss the BID assessment on the Hollywood Courthouse; Kathy Kunitake has reminded me several times that I owed you a call to follow up on prior correspondence sent by the AOC objecting to the assessment, and my delay in reaching out to you should not reflect upon her efforts.

In reviewing the Engineer's Report for 2009-2018, the AOC believe the courthouse should be granted exempt status, but as a compromise had stated that it was arguable that some benefit was received for the security services provided within the BID. The courthouse is located at 5925 Hollywood Boulevard, one block from the end of the BID boundary, within Zone 2. Per the description of services provided to Zone 2 in the Engineer's Report (pages 8-9), Zone 2 receives "less frequent pressure washing, less frequent attention from day porters and trash removal; moderate security foot patrol, occasional tree trimming, less intense advocacy and administrative demands due to moderate retail and tourist attention."

Per Streets and Highways Code Section 36632(a) "assessments are calculated and shall be levied on the basis of the estimated benefit to real property". Certain properties have been granted Exempt Status including US Post Office parcels, and reduced assessments for Special Cases, such as school parcels. AOC contends that the courthouse property should be treated similarly. Akin to a post office, the use and function of a courthouse is not directly impacted or benefited by any of the services provided by the BID. The patrons of the courthouse are going to court for a specific, non-commercial, governmental purpose. There is no retail, tourism, or recreational activities or attractions related to the courthouse parcel. The state provides its own landscaping services and trash removal for the courthouse parking lot, and is not receiving any benefit from "retail and tourist attention", similar to the Exempt post office parcels. In addition, the courthouse provides its own security by occupation in the building by the LA County Sheriff's Department.

However, in our last formal correspondence dated May 16, 2011 the AOC did state that it could be argued that the courthouse receives some benefit from the safety and security services provided, similar to those benefits recognized by the schools located within the BID, and requested that the assessment be recalculated to only incorporate those items. We have never received an adjusted invoice. In light of the onsite security services at the courthouse, I would request that the assessment be recalculated to only include security services, and then discounted 50% due to the onsite presence of county sheriff personnel.

Thank you for your consideration.

Eunice Calvert-Banks
Manager, Real Estate
Office of Real Estate and Facilities Management
Judicial and Court Administrative Services Division
Judicial Council of California, Administrative Office of the Courts
455 Golden Gate Avenue
San Francisco, CA 94102

Tel: (415) 865-4048; Fax: (415) 865-8885
eunice.calvert-banks@jud.ca.gov

Invitation
Hollywood Gateway East Property Owners

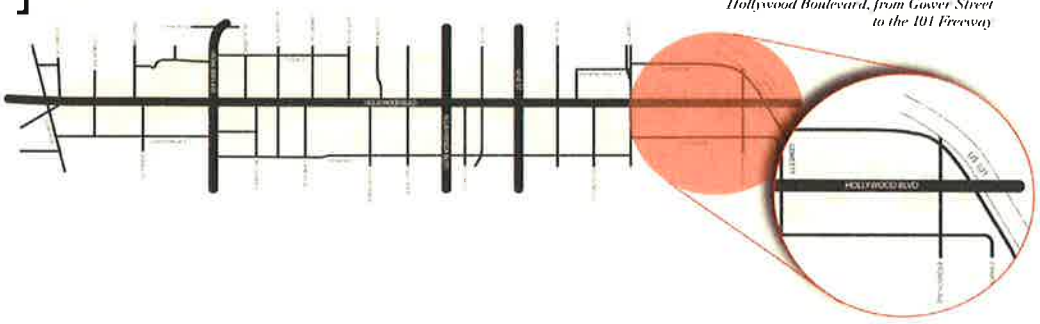
Duke Dulgarian	6051 Hollywood	Galo Medina	5901 Hollywood
Jeff Bujer	6043 Hollywood	Robert Casteneda	5873 Hollywood
Gina Maschmeier	6039 Hollywood	Kenneth Reich	6060 Hollywood
Mort LaKretz	6021-33 Hollywood	Don Mushin	5950-6000 Hollywood
Kenneth Mackenzie	6009 Hollywood	Jason Walkow	5920 Hollywood
Linda Tobalina	5959 Hollywood	Bill Bromiley	5900 Hollywood
Major Salvador Gonzalez	5941 Hollywood	Kayvan Setareh	5858 Hollywood
Eunice Calvert-Banks	5925 Hollywood	Heather Carmichael	5850 Hollywood Blvd

Please join us as we bring the neighbors together along an important stretch of Hollywood Boulevard; the eastern portion of the Hollywood Entertainment District BID. This area stretches from Gower to the 101 freeway. We will be joined by representatives from the BID's board, Council District 13 and the Los Angeles Police Department. We are committed to serving you and working with you to determine the vision for this important entry point to Hollywood.

[HOLLYWOOD] *Entertainment District*

THE HOLLYWOOD GATEWAY EAST

Hollywood Boulevard, from Gower Street to the 101 Freeway



Here are the details:
Date: Thursday May 22, 2014
Time: Walking tour starts at 9:30 a.m. Lunch from noon to 1 p.m. at Create 6021 Hollywood Blvd)
Location: Meet at Fonda Theatre 6126 Hollywood Blvd.

Here is what we ask of each property owner: If you are unable to attend, please designate a surrogate who can represent your property. As we walk this neighborhood, we will ask you to share the following:

1. **How long have you owned this property and what is its history?**
2. **Who are the current tenant(s)?**
3. **What plans do you have for your property? Hopes for this neighborhood?**

Please RSVP to Kerry Morrison at 323-463-6767 or kerry@hollywoodbid.org